

EMPLOYEE ATTRITION AND RETENTION IN A GLOBAL COMPETITIVE SCENARIO

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ABSTRACT

In the global competitive scenario as there is no dearth of opportunities for talented persons in this world, given a chance, employees are prone to move from one organization to another. Corporates are facing the problem of attrition at this time of economic revival. Organisations spend a lot of effort, time and money on employees retention because losing a valued employee proves to be costly in the form of lost knowledge, worried co-workers and lost money. Retention is more economic than going for fresh recruitment. Organisations should have an effective retention plan to keep the current employees. This article presents a holistic view of attrition and retention of employees in this competitive scenario.

KEYWORDS: Attrition, Retention, Global Competitive Scenario

INTRODUCTION

In today's turbulent times, organisations are very conscious about their reputation in the market and also like to get competitive advantage over others. More and more organisations are focusing upon HR issues and practices. Organisations value employees as the greatest resource, so they should be handled with care. It is the duty of the organization to address employees' grievances and to satisfy them by providing proper solutions relating job and also the work environment. As attrition is a serious concern for many companies, it is necessary to find out why people are leaving the company. There was a time when employees joined a particular company and stuck to the same through their life. But the situation is entirely different now. New age employees are far more flexible than the old ones. Companies also play a vital role in curbing the attrition and retaining the talented pool. Increasing attrition is a serious concern for every company today and they are fighting with this problem by redefining their HR policies and practices. At a certain point we cannot stop attrition, but we can definitely reduce the rates by devising suitable retention strategies.

ATTRITION- MEANING

Attrition stands for a gradual reduction in work force without firing of personnel, as and when workers resign or retire and is not replaced. Business dictionary states, Attrition is "Unpredictable and uncontrollable, but normal reduction of work force due to resignations, retirement, sickness or death." As per the Longman Dictionary of Contemporary English, Attrition happens "when people leave a company or course of study and are not replaced." As per the American Heritage Dictionary of the English Language," Attrition is a gradual, natural reduction in membership or personnel, as through retirement, resignation or death." Dr. Paul Carr and Dr. Michael Hartsfield in their article "Attrition as an HR Challenge" (The Icfai Journal: HRM Review, March 2008) states that Attrition can be conceptualized in many forms but the two prominent forms of attrition are: attrition due to employees leaving an organization and employees retiring from an organization.

CAUSES OF ATTRITION

As there is no dearth of opportunities for talented persons in this world, given a chance, employees are prone to move from one organization to another. Reasons for attrition can be plenty and range from dissatisfaction due to meager salaries, less or no career growth opportunities, inferior employee supervision, eagerness to get into companies with global presence, lack of recognition, lack of freedom of expression in the organization and underutilization of talents and skills of the individuals.

RETENTION- MEANING

Retention is an art of managing people. An environment of trust and cooperation, and collaborative approach by the management, employees get the feel to connect. Retention is all about taking measures so as to encourage work force to remain in the organization for a maximum period of time.

SIGNIFICANCE OF EMPLOYEE RETENTION

Retaining talented employees from getting poached along with reducing the attrition costs are the key areas that need to be given some serious thought. Huge amounts are being spent on hiring and training the recruits and hence the cost of employee attrition adds a lot of money to a company's expenses. Employees who leave the organization take along with them valuable information regarding the company, its customers, current projects and other confidential data. Employees build relationships with customers and clients and help the business of the organization to grow but once they leave, such relationships are severed and can cause potential customer loss. Time is a crucial factor for a business to succeed and a huge amount of it goes in hiring and training a new employee, also involving large amount of money huge cost which is a direct loss to the company, if the employee leaves the organisation.

EMPLOYEE RETENTION STRATEGIES

Today many organisations are on the top because they value their employees and know how to retain them. Several strategies are executed to motivate employees and retain them for a maximum period of time. It has been found that informal relationships are more effective in solving the problems of employees as compared to the formal hierarchy in organisations. Some of the best practices that the employers must keep in mind when they are planning strategies for retaining the employees are as follows:

- Hire the right staff in the first place.
- Empower the employees by giving them the authority to get things done.
- Make them realize that they are the most important asset of the organization.
- Trust them, have faith in them and respect them.
- Provide them knowledge and information.
- Keep providing them with feedback on their performance on a continuous basis.
- Appreciate and recognize their achievements.
- Create an atmosphere where the human resources want to work and have fun.

Talent development should be the main agenda for a company's HR as a major step towards retaining employee. Providing a good working environment and growth opportunities can motivate employees to stay longer in the

organization. Building self-esteem of the employee is a very important employee motivation and retention factor which many organisations have realized now. Personal problems can cause a hindrance in the work performance of an employee and sometimes they may need a coach to help them look for solutions. Show your employees you care for them and once you do this, they will go out of the way to do a great job.

Offering performance based bonuses can give an extra incentive to perform something tangible. Avoid boredom to be a part of their work schedule as it can send the employees running for the door. Thus, work given should be challenging enough and should make them feel they are a valued part of the company.

Also paying attention to the individual needs of the employee and make them feel that their career goals can very well be met within the company ensures that they are more likely to remain part of the system.

Many companies provide professional training programs, one of them being Reliance World that offers a host of personnel development modules through partnerships with premier management institutes like XLRI and IIMs. This is supported by online courseware that includes Computing Core Certification (IC32005), Internet and many others. Employees given such training are considered most likely to not only perform their tasks better but also are willingly ready to stay longer with the organization.

EMPLOYEE ENGAGEMENT AS A TOOL FOR RETENTION

Engagement is a state where an individual is not only intellectually committed but has great emotional attachment with his/her job that goes above and beyond the call of duty so as to further the interest of the company. Providing a great infrastructure, a great office, an inspiring leader and a challenging work is just not enough to engage any employee at work. Organisations have to give its people the freedom to make their work exciting and also to give them an environment wherein they can say good-bye to a monotonous work life.

ENGAGED EMPLOYEES VS. THREE ORGANISATIONAL FORCES

- **Lower Attrition Rate:** An engaged work force is less likely to leave the organization at any cost. Organisations are today facing a high attrition rate whereby there is a loss of huge amount of talent that can be well groomed and retained by providing an environment that fosters more involvement with the work.
- **Better Productivity:** It's the quality of work that has relevance in an organization rather than the quantity of work done. An engaged work force has an understanding of what is expected out of him and goes far ahead to do his best in the company.
- **Enhanced Profitability:** Ability of any company to earn profit is its profitability. Due to a complete sense of dedication and work commitment, an engaged work force helps to a greater extent in the profitability of the organization as a whole.

CONCLUSIONS

Despite increased globalization and fluctuating economic times of American jobs, most employers are now struggling hard to keep good workers who are expecting more from their management and can willingly shift if their needs are not met. If an organization succeeds in managing its people well, employee retention will take care of itself. It is high time organisations realize that each employee is valuable and with time their added experience makes them even more valuable.

Retention plans are an inexpensive way of enhancing work place productivity and engaging employees emotionally. Proficient employees keep the quality up and business operations run smoothly along with cost saving in the longer run.

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